

The Effect of Implementing the Balanced Scorecard on the Management Performance of PT YKK AP Indonesia

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Abstract

This study aims to determine the effect of a balanced scorecard on the management performance of PT. YKK AP Indonesia. This study used 40 employees of PT. YKK AP Indonesia, who met the criteria to be respondents. This study was conducted using the conventional sampling method on PT employees. YKK AP Indonesia and analyzed using multiple linear regression. The first stage tested the validity and reliability of questions for each variable. The second stage conducted a classical test, and the third stage conducted an F test, t-test, and determination coefficient test. The results of the t-test study showed that the variables of financial perspective, customer perspective, internal business process perspective, and growth and learning perspective had a partial effect on management performance. In the F test, all independent variables simultaneously affected the dependent variable. Meanwhile, the determination coefficient value shows that the independent variables of financial perspective, customer perspective, internal business process perspective, and growth and learning perspective contributed to the dependent variable, namely management performance, by 49%, while other factors outside the model influenced the remaining 51%.

Keywords: Corporate Management, Balanced Scorecard, Financial Perspective, Customer Perspective, Internal Business Process Perspective, Growth and Learning Perspective

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1. Introduction

As time goes by, competition in the world of industry and organizations is growing rapidly. The success of a company depends on the financial and non-financial performance of the company. So, the key to the company's success is to continuously improve the company's efficiency and performance by maintaining customer satisfaction. What is necessary to achieve

the intended targets is that the company must be able to develop human resources and work satisfaction. Companies that are only oriented toward financial aspects and ignore non-financial aspects will, in time, be left behind by increasingly fierce competition. Because of this, companies must try to formulate and perfect their business strategies to win increasingly fierce competition. To find out how effective the implementation of this strategy is, the company must create a performance measurement system that is better than the system used according to traditional views.

The concept of measurement according to the traditional view only uses financial performance measures such as liquidity (Cash Ratio, Current Ratio, etc.) solvency, profitability, or profitability (Return of Investment - ROI, Return of Equity - ROE, Return of Assets - ROA, etc.) has begun to be abandoned (Kaplan and Norton, 1996:7). Because this measurement only provides an overview of the financial resources that have been used by the company and sources in the financial aspect are more useful for internal parties in the company such as company management and shareholders. Meanwhile, external parties such as the wider community who are users of products or services require more non-financial measurements.

According to Kaplan and Norton (1996), financial aspects alone cannot fully move a company in a better direction, because non-financial aspects enable companies to: 1) Develop relationships with customers to maintain their loyalty to the company. 2) Introducing innovative products and services desired by the target segment. 3) Produce high-quality products and services according to customers' wants at low prices and short lead times. 4) Mobilize the ability and motivation of workers to continuously improve process capability, quality, and response time. 5) Develop information technology, databases, and systems.

According to Kaplan and Norton (1996), the Balanced Scorecard is: "... a set of measures that gives top managers a fast but comprehensive view of the business ... includes financial measures that tell the results of actions already taken ... complements the financial measures with operational measures on customer satisfaction, internal processes, and the organization's innovation and improvement activities – operational measures that are the drivers of future financial performance."

Thus, the Balanced Scorecard is a management, measurement, and control system that can quickly, precisely, and comprehensively provide managers with an understanding of business performance. Performance measurement with the Balanced Scorecard looks at business units from four perspectives, namely the financial perspective, customers, business processes within the company, and learning and growth processes. Through a cause-and-effect mechanism, the financial perspective becomes the main benchmark which is explained by operational benchmarks in the other three perspectives as drivers (lead indicators).

Balanced Scorecard comes from two words, namely Balanced and Scorecard. Balanced means there is a balance between financial and non-financial performance, short-term performance, and long-term performance, and between short-term internal performance and external long-term performance. Meanwhile, Scorecard is a card used to plan scores. that someone wants to realize in the future (Mulyadi, 2001).

Initially, the Balanced Scorecard was used to improve the executive performance measurement system. Initially, executive performance was measured only in financial terms. Then it developed into a broad four perspectives, which were then used to measure the performance of the organization. The four perspectives are finance, customers, internal business processes, and learning and growth. The Balanced Scorecard is a management system mechanism that can

translate the organization's vision and strategy into real action in the field. The Balanced Scorecard is a proven management tool that has helped many companies implement their business strategies.

Therefore, to be able to determine performance, companies can apply the Balanced Scorecard as a strategic-based measuring tool, such as financial perspective, internal business process perspective, customer perspective, and learning and growth. The advantage of implementing the Balanced Scorecard is that it can provide measurements that can be used as a basis for strategic improvement. According to Sri Wahyuni's research (2011), it was explained that performance assessment using the balanced scorecard method can determine company success is not only an internal aspect in this perspective financial aspects, but all aspects, be it financial aspects, processes, growth, and customers. Research by Hersinta Pusdika (2016), explains the influence of implementing the Balanced Scorecard on management performance. The result is that the variables financial perspective, customer perspective, and internal business process perspective have a positive effect. The financial perspective is the most dominant variable influencing management performance.

2. Literature Review

2.1 Management Performance Measurement

The definition of performance is a description of the level of achievement of an activity program or policy in realizing an organization's goals, objectives, vision, and mission as outlined through strategic planning or an organization (Moeheriono, 2010:60).

According to The Scribner-Bantam English Dictionary, published in the United States and Canada, in 1979, (Prawirosentono, 1999, pp. 1-2) "to perform" quoted by Rianto Rahadi (2010) has several "entries" as follows:

- a. to do or carry out; executive (carry out, carry out, carry out)
- b. to discharge or fulfill, as a vow (Fulfill or carry out the obligations of a vow)
- c. to party, as a character in a play (Depicting a character in a game)
- d. to render by the voice or musical instrument (Depicting it with a voice or musical instrument)
- e. to execute or complete an undertaking (Carry out or complete responsibilities)
- f. to act a part in a play (Carry out an activity in a game)
- g. to perform music (Play music performances)
- h. to do what is expected of a person or machine (Do something that is expected by a person or machine).

2.2 Financial Perspective

Financial measures are very important in providing a summary of the economic consequences of actions that have been taken. Financial measures provide clues as to whether the company's strategy and its implementation contribute or not to increasing company profits. Financial benchmarks are very important, but they are not enough to direct performance in creating value for the company.

According to Kaplan (Kaplan, 1996) when a company carries out financial measurements, the first thing it must do is detect the existence of the industry it owns. Kaplan classifies three stages of industrial development, namely: growth, sustain, and harvest. From these stages of industrial development, different strategies will be required.

Kaplan and Norton (2000: 42) identify the stages in the business life cycle as follows:

- a. Growth
- b. Survive/ Sustain
- c. Harvest

2.3 Customer Perspective

Recent management philosophies have shown increasing recognition of the importance of customer focus and customer satisfaction. This perspective is a leading indicator. So, if customers are not satisfied then they will look for another manufacturer that suits their needs. Poor performance from this perspective will reduce the number of customers in the future even though current financial performance looks good.

By Kaplan and Norton (2001) customer perspectives are divided into two groups of measurements, namely: customer core measurements and customer value prepositions. Customer Core Measurement has several measurement components, namely:

- a. Market Share (market share)
- b. Customer Retention (customer retention)
- c. Customer Acquisition (customer acquisition)
- d. Customer Satisfaction (customer satisfaction)
- e. Customer Profitability (customer profitability)

Meanwhile, the Customer Value Proposition is a performance trigger contained in the core value proposition which is based on the following attributes:

- a. Product or service attributes
- b. Consumer relationships
- c. Image and reputation

2.4 Internal Business Perspective

Analysis of the company's internal business processes is carried out using value chain analysis. Here management identifies critical internal business processes that the company must excel at. Scorecards in this perspective allow managers to know how well their business is running and whether their products and/or services meet customer specifications. This perspective must be carefully designed by those who know the company's mission best in a way that outside consultants may not be able to do.

Kaplan and Norton (1996) divide internal business processes into three stages, namely:

- a. Innovation process
- b. Operation process
- c. After-sales service process

2.5 Growth and Learning Perspective

This process identifies the infrastructure that a company must build to improve long-term growth and performance. This growth and learning process originates from human resource factors, systems, and organizational procedures, which are included in this perspective are employee training and company culture which are related to individual and organizational improvement.

The results of measuring the three previous balanced scorecard perspectives will usually show a large gap between the current capabilities of people, systems, and procedures and those

needed to achieve the desired performance. This is the reason why companies must invest in these three factors to encourage the company to become a learning organization.

In this perspective, there are important factors that must be considered, namely:

- a. Worker capabilities
- b. Information system capabilities
- c. Motivation, power, and alignment

3. Research Method

Based on the type, the variables in this research are divided into:

Independent Variables

In this research, the independent variables are the financial, customer, internal business, and growth and learning perspectives.

Dependent Variable

In this research, the dependent variable is Management Performance.

The conceptual framework used to describe the relationship between financial perspective, customer perspective, internal business perspective, and growth and learning perspective on a management performance measurement is as follows:

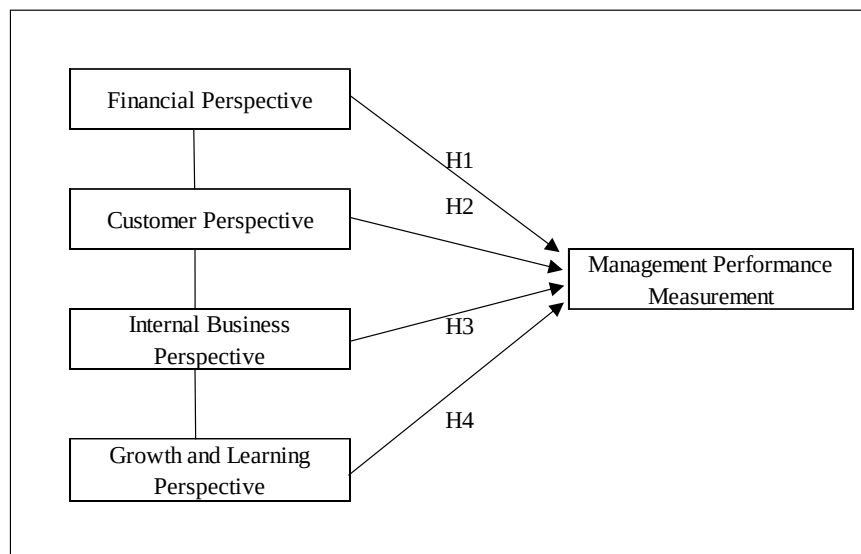


Figure 1.1. Research Model

This research used convenience sampling, which is generally used in situations where other sampling methods are not possible.

4. Findings and Discussions

4.1 Findings

1. Reliability Test

In this research, reliability testing is a tool for measuring a questionnaire, which is an indicator

of a variable or construct.

Table 1. Reliability Test Results

Variable	Number of Question Items	Cronbach Alpha	Remark
Financial Perspective (X ₁)	6	0,695	RELIABLE
Customer Perspective (X ₂)	8	0,730	RELIABLE
Internal Business Perspective (X ₃)	6	0,664	RELIABLE
Growth & Learning Perspective (X ₄)	8	0,748	RELIABLE
Management Performance (Y)	4	0,628	RELIABLE

Source: Analyze results from primary data

Based on the table above regarding the results of the reliability test, shows that the Cronbach Alpha value for the Financial Perspective variable is 0.695, the Cronbach Alpha value for the Customer Perspective variable is 0.730, the Cronbach Alpha value for the Internal Business Process Perspective is 0.664, the Cronbach Alpha value for the Growth and Learning Perspective variable is 0.748, and the Cronbach Alpha value for Performance Management is 0.628. From the results of this research, it can be concluded that the instrument for the reliability test is declared reliable because the Cronbach alpha value is > 0.60.

2. Validity Test

Table 2. Financial Perspective Validity Test Results

No.	Indicator	r _{count}	r _{table}	Remark
1	Increase operation capabilities	0,602	0.2638	VALID
2	Nurture and build relationships with customers	0,642	0.2638	VALID
3	Able to generate quite high returns on capital	0,625	0.2638	VALID
4	Maintain the market share you already have	0,726	0.2638	VALID
5	Efforts to increase profits	0,728	0.2638	VALID
6	Maintain facility improvements	0,401	0.2638	VALID

Source: Analyze results from primary data

The validity test results of the Financial Perspective variable in Table 4.2 above show good results. This is said to be because the calculated r-value is greater than the r-table value (0.2638), which means that the questions or indicators on the Financial Perspective variable are declared valid.

Table 3. Customer Perspective Validity Test Results

No.	Indicator	r _{count}	r _{table}	Remark
1	Try to provide customer satisfaction	0,522	0,2638	VALID
2	Maintain good relationships with customers	0,302	0,2638	VALID
3	Try to provide fast service to consumers	0,347	0,2638	VALID

Source: Analyze results from primary data

The validity test results of the Customer Perspective variable in Table 4.3 above show good results. This is said to be because the calculated r-count is greater than the r-table value (0.2638), which means that the questions or indicators on the Customer Perspective variable are declared valid.

Table 4. Internal Business Process Perspective Validity Test Results

No.	Indicator	r _{count}	r _{table}	Remark
1	New products developed	0,714	0,2638	VALID
2	The length of time needed to develop a product	0,382	0,2638	VALID
3	Many customer requests cannot be fulfilled	0,634	0,2638	VALID
4	Raw materials used	0,743	0,2638	VALID
5	The period required to fulfill product maintenance requests	0,697	0,2638	VALID

Source: Analyze results from primary data

Based on the results of the validity test of the Internal Business Process Perspective variable in Table 4.4 above, shows good results, it is said that because the calculated value is greater than the r-table value (0.2638), which means that the questions or indicators on the Internal Business Process Perspective variable are declared valid.

Table 5. Growth and Learning Perspective Validity Test Results

No.	Indicator	r _{count}	r _{table}	Remark
1	Employee satisfaction level	0,757	0.2638	VALID
2	Providing results to the company	0,452	0.2638	VALID
3	Level of precision/accuracy of information.	0,643	0.2638	VALID
4	Understanding the company's vision and mission	0,639	0.2638	VALID

5	Training provided by the company	0,454	0.2638	VALID
6	Condition of the work environment.	0,607	0.2638	VALID

Source: Analyze results from primary data

Based on the results of the validity test of the Growth and Learning Perspective variable in Table 4.5 above, shows good results, it is said that because the calculated value is greater than the r-table value (0.2638), which means that the questions or indicators on the Internal Business Process Perspective variable are declared valid.

Table 6. Management Performance Validity Test Results

No.	Indicator	r _{count}	r _{table}	Remark
1	Obedience	0,698	0.2638	VALID
2	Loyalty	0,765	0.2638	VALID
3	Manners	0,668	0.2638	VALID
4	Results obtained or achieved by employees	0,611	0.2638	VALID

Source: Analyze results from primary data

Based on the results of the validity test of the Financial Perspective variable in Table 4.6 above, show good results, it is said that this is because the calculated r-count is greater than the r-table value (0.2638), which means that the questions or indicators on the Financial Perspective variable are declared valid. Of the five variables in the table above, the validity test results were obtained with a calculated r value greater than r-table (0.2638) where all of them had valid value results for questions or indicators.

Classic Assumption Test

Normality Test

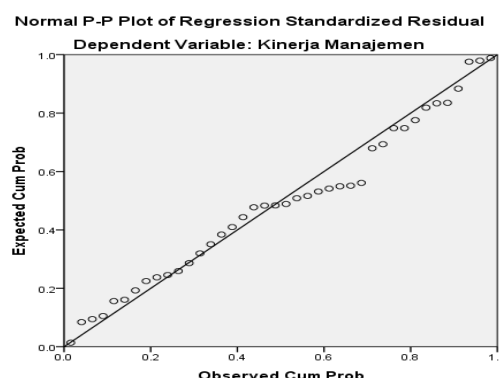


Figure 1. Normality Test Results

Source: Analyze results from primary data

The picture above shows that the research data has a normal spread and distribution. The P plot value is located on a diagonal line, so the data is normally distributed.

Multicollinearity Test

Table 7. Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Financial Perspective	.970	1.031
Customer Perspective	.955	1.047
Internal Business Perspective	.851	1.175
Growth & Learning Perspective	.846	1.182

a. Dependent Variable: Management Performance

Source: Analyze results from primary data

Based on the results of the multicollinearity test in Table 4 above, each variable has a Tolerance value of not less than 0.10 and a VIF value of no more than 10, so it can be concluded that there is no or no multicollinearity between independent variables. So, the regression model is good and can be continued as research.

Heteroscedasticity Test

The following are the results of the heteroscedasticity test:

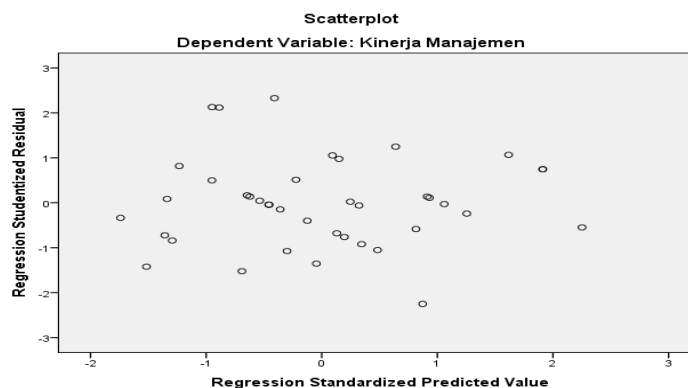


Figure 2 Heteroscedasticity Test

Source: Analyze results from primary data

Based on the results of the scatterplot graph in Figure 2 above, the points are spread randomly and are distributed well above and below the number 0 on the Y-axis. It can be said that there is no heteroscedasticity in the residual data.

2. Hypothesis Testing

The following are the results of the hypothesis test:

1. t-test (Partial Test)

The following are the results of the t-test:

Table 8 T-Test Results.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	8.777	5.252		1.671	.104
Financial Perspective	.268	.097	.322	2.769	.009
Customer Perspective	.320	.085	.439	3.754	.001
Internal Business Perspective	.577	.131	.547	4.416	.000
Growth & Learning Perspective	.256	.092	.347	2.790	.008

a. Dependent Variable: Management Performance

Source: Analyze results from secondary data

Regression equation:

$$Y = 8.777 + 0.268X_1 + 0.320X_2 + 0.577X_3 + 0.268X_4$$

Based on the results of the t-test in the table above, each variable shows different significance values, so the regression equation can be explained as follows:

1. The constant 8.777 means that if the variables Financial Perspective (X_1), Customer Perspective (X_2), Internal Business Process Perspective (X_3), and Growth and Learning Perspective (X_4), have a regression coefficient (B) of 0 then the Management Performance variable (Y) will have a value as large as the constant itself, namely 8.777.
2. The regression coefficient (B) of the Financial Perspective variable (X_1) has a value of 0.268, meaning that an increase in the value of the Financial Perspective variable (X_1) by 1 will increase the Management Performance (Y) value of 0.268.
3. The regression coefficient (B) of the Customer Perspective variable (X_2) has a value of 0.320, meaning that an increase in the value of the Customer Perspective variable (X_2) by 1 will result in an increase in the value of the Management Performance variable (Y) by 0.320.
4. The regression coefficient (B) of the Internal Business Process Perspective variable (X_3) has a value of 0.577, meaning that an increase in the value of the Internal Business Process Perspective variable (X_3) by 1 will result in an increase in the value of the Management Performance variable (Y) by 0.577.
5. The regression coefficient (B) of the Growth and Learning Perspective variable (X_4) has a value of 0.268, meaning that an increase in the value of the Growth and Learning Perspective variable (X_4) by 1 will result in an increase in the value of the Management Performance variable (Y) by 0.268.

2. F-Test (Simultaneous)

The following are the results of the F statistical test in Table 4.9 as follows:

Table 9 F-Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	66.708	4	16.677	10.351	.000 ^b
	Residual	56.392	35	1.611		
	Total	123.100	39			

a. Dependent Variable: Management Performance

b. Predictors: (Constant), Growth & Learning Performance, Financial Perspective, Customer Perspective, Internal Business Perspective

Source: Analyze results from secondary data

From the table above or the F-test above, it can be seen that the calculated F-value is 10,351 with a significance level of 0.000 which is smaller than 0.05, so the regression model can be used to predict the Management Performance variable (Y) or it can be concluded again that the independent variables are Financial Perspective, Customer Perspective, Internal Business Process Perspective, and Growth and Learning Perspective together can influence the dependent variable, namely Management Performance. This indicates that the regression model in the research is a fit.

3. Coefficient of Determination Results

The following are the results of the hypothesis test:

Table 11. Coefficient of Determination Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.736 ^a	.542	.490	1.269
a. Predictors: (Constant), Growth and Learning Perspective, Financial Perspective, Customer Perspective, Internal Business Perspective.				
b. Dependent Variable: Management Performance				

Source: Analyze results from secondary data

From the test results table above using multiple linear regression analysis, it can be seen from the Adjusted R Square value of 0.490, which means that the variations in the independent variables, namely the financial perspective, customer perspective, internal business process perspective, and growth and learning perspective can explain the variations in the variables. dependent, namely management performance of 49% while the remaining 51% is explained by other factors not included in this research.

4.2 Discussion

The Influence of Financial Perspective on Management Performance

The Financial Perspective variable can have a positive effect on Management Performance. The results of this research are appropriate and in line with the theory developed by Tunggal (2002), which states that financial benchmarks are important but are not sufficient to direct performance in creating value for existing organizations.

The Influence of Customer Perspective on Management Performance

The Customer Perspective variable can have a positive effect on Management Performance. The results of this research are appropriate and in line with the theory developed by Denton and White (2000), namely that increasing commitment and productivity within the company will be able to improve the quality of the customer service process and ultimately create trust in customers.

The Influence of Internal Business Perspective on Management Performance

The Internal Business Process variable can have a positive effect on Performance Management. The results of this research are appropriate and in line with research conducted by Budiarti (2004), which states that the Balanced Scorecard is a management system that describes the vision and strategy of a company into operational goals and benchmarks, goals and benchmarks are developed for each measurement perspective. for each perspective, it depends on the strategy that the company has previously set.

The Influence of Growth and Learning Perspective on Management Performance

The Growth and Learning variable have a positive effect on Management Performance. The results of this research are in line with the theory developed by Kaplan and Norton (2000), revealing how important it is for an organization or business company to continue to pay attention to its employees, monitor employee welfare, and increase employee knowledge because increasing employee knowledge will increase the employee's ability to participate in achieving the results of the other three perspectives and will influence the company.

5. Conclusion

Based on the research results and results of data analysis testing in the previous chapter, it can be concluded as follows:

1. The financial perspective influences the management performance of PT YKK AP Indonesia. Based on the results of the t-test, the resulting significance value is 0.009, which is smaller than 0.05 or the t-count result of 2,769 is greater than t-table 2,030.
2. The customer perspective influences the management performance of PT YKK AP Indonesia. Based on the results of the t-test, the resulting significance value is 0.001, which is smaller than 0.05 or the t-count result of 3,754 is greater than t-table 2,030.
3. Internal Business Process Perspective and influences the management performance of PT YKK AP Indonesia. Based on the results of the t-test, the resulting significance value is 0.000, which is smaller than 0.05 or the t-count result of 4,416 is greater than t-table 2,030.
4. The Growth and Learning Perspective influences the management performance of PT YKK AP Indonesia. Based on the results of the t-test, the resulting significance value is 0.008, which is smaller than 0.05, or the t-count result is 2,790, which is greater than the t-table. 2,030.
5. The results of multiple linear regression tests show that the financial perspective, customer perspective, internal business process perspective, and learning & growth perspective simultaneously influence management performance. Based on the results of the F test (ANOVA), the resulting F-count value of 10,351 is greater than the F-table of 2.64 with a significance level of 0.000, which means it is smaller than 0.05.

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